

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarterly Period Ended June 30, 1994
Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

93-0609074
(IRS Employer Identification No.)

111 S. W. Fifth Avenue, Portland, Oregon 97204-3699
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (503) 221-0800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock: 109,607,901 shares of Common Stock, \$1 par value, outstanding as of June 30, 1994.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Summary Statements of Income
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions except per share) (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
Net sales	\$ 774.7	\$ 596.6	\$1,472.7	\$1,245.8
Costs and expenses:				
Cost of sales	558.9	421.4	1,045.6	858.7
Depreciation and cost of timber harvested	51.0	43.6	95.6	83.3
Selling and administrative	33.2	25.8	60.7	55.8
Interest expense	2.6	3.1	5.2	6.9
Interest income	(2.0)	(2.0)	(3.9)	(3.9)
Total costs and expenses	643.7	491.9	1,203.2	1,000.8
Income before taxes and cumulative effects of accounting changes	131.0	104.7	269.5	245.0
Provision for income taxes	(49.1)	(39.0)	(102.4)	(91.6)
Income before cumulative effects of accounting changes	81.9	65.7	167.1	153.4
Cumulative effects of accounting changes, net of income taxes of \$1.9	---	---	---	(10.4)
Net income	\$ 81.9	\$ 65.7	\$ 167.1	\$ 143.0
Earnings per share:				
Income before cumulative effects of accounting changes	\$.75	\$.60	\$ 1.52	\$ 1.40
Cumulative effects of accounting changes	---	---	---	(.09)
Net income	\$.75	\$.60	\$ 1.52	\$ 1.31
Cash dividends per share	\$.125	\$.11	\$.235	\$.21

Consolidated Summary Balance Sheets
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

	June 30, 1994	Dec. 31, 1993
	-----	-----
Cash and cash equivalents	\$ 188.1	\$ 261.6
Accounts receivable, net	181.2	110.9
Inventories	238.9	234.7
Prepaid expenses	17.5	6.9
	-----	-----
Total current assets	625.7	614.1
	-----	-----
Timber and timberlands	698.5	673.5
Property, plant and equipment	2,222.8	2,112.8
Less reserves for depreciation	(1,027.3)	(966.9)
	-----	-----
Net property, plant and equipment	1,195.5	1,145.9
Investments and other assets	32.7	32.8
	-----	-----
Total assets	\$2,552.4	\$2,466.3
	=====	=====
Current portion of long-term debt	\$ 70.3	\$ 105.5
Short-term notes payable	45.5	41.7
Accounts payable and accrued liabilities	192.3	149.2
Income taxes payable	28.9	20.8
	-----	-----
Total current liabilities	337.0	317.2
	-----	-----
Long-term debt	227.1	288.6
Deferred income taxes	264.8	264.8
Other long-term liabilities	32.5	24.3
Stockholders' equity:		
Common Stock	117.0	117.0
Additional paid-in capital	437.7	431.5
Retained earnings	1,358.4	1,217.2
Loans to Employee Stock Ownership Trusts	(65.3)	(72.5)
Treasury stock	(107.9)	(85.6)
Other equity transactions	(48.9)	(36.2)
	-----	-----
Total stockholders' equity	1,691.0	1,571.4
	-----	-----
Total liabilities and equity	\$2,552.4	\$2,466.3
	=====	=====

Consolidated Summary Statements of Cash Flows
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

Six Months Ended June 30,	1994	1993
	-----	-----
Cash flows from operating activities:		
Net income	\$ 167.1	\$ 143.0
Cumulative effects of accounting changes	---	10.4
Depreciation, amortization and depletion	95.6	83.3
Other non-cash charges	13.1	18.2
Decrease in working capital	(33.8)	(26.3)
Increase in deferred income taxes	---	2.0
	-----	-----
Net cash provided by operating activities	242.0	230.6
	-----	-----
Cash flows from investing activities:		
Plant, equipment and logging road additions, net	(132.0)	(84.0)
Timber and timberland additions	(50.3)	(44.8)
Other investing activities	---	16.7
	-----	-----
Net cash used in investing activities	(182.3)	(112.1)
	-----	-----
Cash flows from financing activities:		
New borrowing	0.5	---
Repayment of long-term debt	(96.9)	(96.6)
Cash dividends	(25.9)	(23.0)
Increase in short-term notes payable	3.7	---
Purchase of treasury stock	(24.3)	(13.8)
Other financing activities	9.7	(.9)
	-----	-----
Net cash used in financing activities	(133.2)	(134.3)
	-----	-----
Net decrease in cash and cash equivalents	(73.5)	(15.8)
Cash and cash equivalents at beginning of year	261.6	228.1
	-----	-----
Cash and cash equivalents at end of period	\$ 188.1	\$ 212.3
	=====	=====

Consolidated Statements of Stockholders' Equity
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions except per share) (Unaudited)

	Six Months Ended June 30, 1994		Year Ended December 31, 1993	
	Shares	Amount	Shares	Amount
Common Stock:				
Beginning Balance	116,937,022	\$ 117.0	58,457,749	\$ 58.5
Shares issued for employee stock plans	---	---	10,762	---
Shares issued under 2-for-1 stock split			58,468,511	58.5
Ending Balance	116,937,022	\$ 117.0	116,937,022	\$ 117.0
Additional Paid-in-Capital:				
Beginning Balance		\$ 431.5		\$ 422.5
Shares issued for employee stock plans		6.2		9.0
Ending Balance		\$ 437.7		\$ 431.5
Retained Earnings:				
Beginning Balance		\$1,217.2		\$1,079.3
Net income		167.1		244.0
Par value of shares issued in 2-for-1 stock split		---		(58.8)
Cash dividends, \$.235 and \$.43 per share		(25.9)		(47.3)
Ending Balance		\$1,358.4		\$1,217.2
Loans to ESOTs:				
Beginning Balance		\$ (72.5)		\$ (87.0)
Less accrued contribution		7.2		14.5
Ending Balance		\$ (65.3)		\$ (72.5)
Treasury Stock:				
Beginning Balance	6,755,938	\$ (85.6)	3,848,800	\$ (88.5)
Reacquisition program	731,500	(24.3)	200,000	(13.8)
Shares issued under 2-for-1 stock split	---	---	3,624,075	---
Shares reissued under employee stock plans	(158,317)	2.0	(916,937)	16.7
Ending Balance	7,329,121	\$(107.9)	6,755,938	\$ (85.6)
Other Equity Adjustments:				
Beginning Balance		\$ (36.2)		\$ (23.8)
Marketable equity securities adjustment		---		(.6)
Currency translation adjustment		(12.7)		(11.8)
Ending Balance		\$ (48.9)		\$ (36.2)

Notes To Financial Statements
Louisiana-Pacific Corporation and Subsidiaries

1. The interim period information included herein reflects all adjustments which are, in the opinion of the management of the registrant, necessary for a fair statement of the results of the respective interim periods. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. It is suggested that these summary financial statements be read in conjunction with the financial statements and the notes thereto included in the registrant's 1993 Annual Financial Report to Stockholders and its 1994 First Quarter Interim Report to Stockholders. Interim financial statements are by necessity somewhat tentative; judgements are used to estimate quarterly amounts for items that are normally determinable only on an annual basis.
2. Earnings per share is based on the weighted average number of shares of common stock outstanding during the periods (110,070,000 in 1994 and 109,670,000 in 1993). The effect of common stock equivalents is not material. The number of shares and per share data have been retroactively adjusted for stock splits.
3. The effective income tax rate is based on estimates of annual amounts of taxable income, foreign sales corporation income and other factors. These estimates are updated quarterly.
4. Determination of interim LIFO inventories requires estimates of year-end inventory quantities and costs. These estimates are revised quarterly and the estimated annual change in the LIFO inventory reserve is expensed over the remainder of the year.
5. The cumulative effects of accounting changes relate to the adoption of two Financial Accounting Standards Board Statements during the first quarter of 1993. Adoption of Statement No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" resulted in a charge of \$3.2 million or three cents per share, net of \$1.9 million in income taxes. Adoption of Statement No. 109 "Accounting for Income Taxes" resulted in a charge of \$7.2 million or six cents per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

General

Net sales for the second quarter of 1994 were \$774.7 million, a 30 percent increase over second quarter 1993 sales of \$596.6 million. Net sales for the six months ended June 30, 1994 were \$1,472.7 million, an increase of 18 percent over sales for the six months ended June 30, 1993 of \$1,245.8 million. Sales for the second quarter and first six months of 1994 were both records.

Net income for the second quarter of 1994 was \$81.9 million (\$.75 per share), a 25 percent increase over second quarter 1993 net income of \$65.7 million (\$.60 per share). Net income for the six months ended June 30, 1994 was \$167.1 million (\$1.52 per share), an increase of 17 percent over net income for the six months ended June 30, 1993 of \$143.0 million (\$1.31 per share). Net income for the first six months of 1993 included a \$10.4 million (\$.09 per share) charge to income, net of income taxes, for the cumulative effect of adopting two new accounting standards. Refer to the registrant's 1993 annual report on Form 10-K for further discussion regarding the adoption of these accounting principles. Excluding this charge, net income increased 9 percent in the first six months of 1994 over 1993.

The registrant operates in two segments: building products and pulp. Building products is the most significant segment, accounting for more than 90 percent of sales and more than 100 percent of operating profit in the second quarter and first six months of 1994 and 1993. The results of operations are discussed separately for each of these segments below. Key segment information, production volumes and industry product price trends are presented in the following tables labeled "Sales and Operating Profit by Major Product Group," "Operating Volume" and "Industry Product Price Trends."

Building Products Segment

Building products segment sales in the second quarter of 1994 were a record \$726.5 million, a 27 percent increase over 1993 second quarter sales of \$572.7 million. Building products segment sales for the six months ended June 30, 1994 were \$1,391.4 million, an increase of 17 percent over sales for the six months ended June 30, 1993 of \$1,193.8 million.

Increased sales of lumber and structural panel products were primarily attributable to volume increases, with sales prices showing slight increases. Lumber volume increased due to higher production as the registrant added more shifts and took less downtime in its sawmills as demand increased. Structural panel volume increased due to higher demand and one new OSB plant. Industrial panel products also showed sales increases which were primarily due to higher sales prices on relatively stable volume. Engineered wood products (laminated veneer lumber, I-Beams, etc.) showed improved sales on higher volumes despite reductions in sales prices.

Building products segment operating profits in the second quarter of 1994 were \$154.8 million, a 16 percent increase over second quarter 1993 operating profits of \$133.5 million. Six-month building products operating profits increased 3.7 percent to \$321.3 million in 1994 from \$309.8 million in 1993. These increases reflected the higher sales volumes and prices discussed above. However, the increases in operating profits lagged behind the sales increases principally due to higher log costs, especially in the first three months of 1994.

Pulp Segment

Pulp segment sales in the second quarter increased 102 percent to \$48.2 million in 1994 from \$23.9 million in the second quarter of 1993. Sales in the pulp segment for the first six months of 1994 were \$81.3 million which was 56 percent higher than \$52.0 million in the first six months of 1993. These higher sales resulted primarily from increased volume and sales prices at the registrant's Chetwynd, B.C. pulp mill. This mill was producing far below capacity in 1993 due to problems with the water treatment system and poor market conditions.

Pulp segment operating losses in the second quarter improved to \$6.0 million in 1994 from \$12.0 million in 1993. Six month operating losses improved to \$16.0 million in 1994 from \$29.1 million in 1993. The reduction

of losses in both periods was primarily attributable to the higher sales discussed above. Also, the registrant's Totally Chlorine Free pulp is gaining acceptance, resulting in improved operating results at the Samoa, California pulp mill.

Financial Condition, Liquidity and Capital Resources

Cash flow provided by operations increased 5 percent in the first six months of 1994 to \$242.0 million from \$230.6 million in the first six months of 1993. This was largely a result of increased net income. High levels of capital expenditures for plant and equipment additions, timber additions, debt repayments and treasury stock purchases resulted in a decrease in cash and equivalents of \$73.5 million during the first six months of 1994. Plant and equipment additions include new OSB plants under construction, environmental projects at existing mills and upgrades of existing facilities. Cash and equivalents at June 30, 1994 was \$188.1 million compared with \$212.3 million at June 30, 1993 and \$261.6 million at December 31, 1993, reflecting the investments in plants and equipment and debt repayments.

Overall, the registrant's financial condition remains very strong. Long-term debt as a percent of total capitalization is 11.8 percent compared with 15.5 percent at December 31, 1993. The registrant has a \$100 million revolving line of credit available to meet its cash needs in addition to the cash and equivalents discussed above.

Sales and Operating Profit by Major Product Group
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
	-----	-----	-----	-----
Sales:				
Structural panel products	\$ 293.7	\$ 236.2	\$ 576.3	\$ 513.2
Lumber	241.4	177.3	463.5	399.7
Other panel products	62.2	50.3	117.4	89.6
Other building products	129.2	108.9	234.2	191.3
	-----	-----	-----	-----
Building products	726.5	572.7	1,391.4	1,193.8
Pulp	48.2	23.9	81.3	52.0
	-----	-----	-----	-----
Total sales	\$ 774.7	\$ 596.6	\$1,472.7	\$1,245.8
	=====	=====	=====	=====
Export sales	\$ 85.6	\$ 75.5	\$ 159.0	\$ 143.5
	=====	=====	=====	=====
Operating profit:				
Building products	\$ 154.8	\$ 133.5	\$ 321.3	\$ 309.8
Pulp	(6.0)	(12.0)	(16.0)	(29.1)
	-----	-----	-----	-----
Total operating profit	148.8	121.5	305.3	280.7
Unallocated expense, net	(17.2)	(15.7)	(34.5)	(32.7)
Interest expense, net	(0.6)	(1.1)	(1.3)	(3.0)
	-----	-----	-----	-----
Income before taxes and cumulative effects of accounting changes	\$ 131.0	\$ 104.7	\$ 269.5	\$ 245.0
	=====	=====	=====	=====

Operating Volume
Louisiana-Pacific Corporation and Subsidiaries
(volume amounts stated in millions except pulp and
as a percent of normal capacity)

	Quarter Ended June 30,				Six Months Ended June 30,			
	----- 1994		1993 -----		----- 1994		1993 -----	
Inner-Seal/OSB, sq ft 3/8" basis	924	105%	789	101%	1,732	98%	1,533	98%
Softwood plywood, sq ft 3/8" basis	411	109	362	101	813	107	736	103
Lumber, board feet	522	90	421	81	1,062	92	867	84
Particleboard, sq ft 3/4" basis	94	107	93	110	186	106	179	105
Medium Density Fiberboard, sq ft 3/4" basis	62	112	55	99	117	106	97	88
Hardboard, sq ft 1/8" basis	56	107	50	96	110	105	91	87
Hardwood veneer, sq ft surface measure	67	105	61	102	135	106	130	108
Pulp, thousand short tons	100	65	30	20	195	64	109	36
Chips, units	588		466		1,170		1,006	

Industry Product Price Trends
Louisiana-Pacific Corporation and Subsidiaries

	OSB ----- N. Central 7/16" basis 24/16 span rating -----	Plywood ----- Southern Pine 1/2" basis CDX 3 ply -----	Lumber ----- Framing lumber composite prices -----	Particleboard ----- Inland Industrial 3/4" basis -----	Pulp ----- Bleached softwood sulfate short ton* -----
Annual Average					
1989	171	201	240	219	753
1990	131	182	229	199	723
1991	148	191	235	198	519
1992	217	248	283	200	509
1993	236	282	396	258	418
1993 Second Quarter Average					
	210	246	364	261	410
1994 First Quarter Average					
	259	277	468	281	411
1994 Second Quarter Average					
	242	266	395	300	472
Weekly Average					
July 1	230	267	364	300	508
July 8	241	275	365	300	508
July 15	255	287	377	300	508

*Discounting sometimes occurs from the published price.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

The following sets forth the current status of certain legal proceedings, all of which have been previously reported.

The registrant has received a Notice of Violation issued by the U.S. Environmental Protection Agency alleging air emissions violations at the registrant's Dungannon, Virginia, OSB plant. The registrant has also received a Notice of Violation issued by the state of Michigan alleging air emissions violations at the registrant's Newberry, Michigan, OSB plant. The potential costs to the registrant cannot be determined at this time, but are not expected to have a material adverse effect on the registrant.

The registrant has been informed that it and one or more employees at its Olathe, Colorado, oriented strand board plant are the targets of a federal grand jury investigation concerning alleged tampering with emissions monitoring equipment and alteration of plant records. The registrant does not know when the investigation will be completed. The registrant began an internal investigation in the summer of 1992 and reported its initial findings of irregularities to governmental authorities in September, 1992.

On September 9, 1992, the U.S. Department of Justice filed suit in the U.S. District Court in Anchorage, Alaska, against the registrant's wholly-owned subsidiary Ketchikan Pulp Company ("KPC") alleging that the pulp mill in Ketchikan, Alaska, operated by KPC violated the Clean Air Act and the terms of KPC's wastewater discharge permit. The plaintiff seeks to require KPC to correct the alleged violations and also seeks penalties in an unspecified amount. Settlement discussions are currently underway.

The registrant has been informed that KPC and one or more employees at KPC's pulp mill are the targets of a federal grand jury investigation concerning wastewater discharges. No charges have been made and the registrant does not know when the investigation will be completed.

The registrant understands that a federal grand jury is investigating possible violations in connection with the disposal by a contractor of a transformer containing polychlorinated biphenyls (PCBs) previously located at the registrant's former sawmill at Pendleton, Oregon. The registrant does not know whether it or any of its employees are targets of the investigation.

On October 19, 1992, the State of Wisconsin filed a suit against the registrant in state court in Dane County Circuit Court alleging that the registrant's oriented strand board plant at Hayward, Wisconsin, is in violation of state and federal clean air laws. The plaintiff sought to require the registrant to correct the alleged violations, as well as penalties in an unspecified amount. A settlement of \$550,000 was finalized in July, 1994.

Management of the registrant believes that the outcome of the above matters will not have a materially adverse effect on the consolidated business or financial condition or results of operations of the registrant.

Item 6. Exhibits and Reports on Form 8-K.

- (a) The exhibits filed as part of this report or incorporated by reference herein are listed in the accompanying exhibit index.
- (b) Reports on Form 8-K. No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION

By /s/ WILLIAM L. HEBERT
William L. Hebert
Treasurer
(Principal Financial Officer)

DATED: August 10, 1994

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
11	Calculation of Net Income Per Share for the Three Months Ended June 30, 1994.

EXHIBIT 11

Louisiana-Pacific Corporation and Subsidiaries
 Calculation of Net Income Per Share
 For the Six Months Ended June 30, 1994

	Number of shares	
	Including Common Stock Equivalents -----	Excluding Common Stock Equivalents (1) -----
Weighted average number of shares of common stock outstanding	116,937,022	116,937,022
Annualized weighted average number of shares of treasury stock held during the period	(6,866,115)	(6,866,115)
Common stock equivalents: Application of the "treasury stock" method to stock option and purchase plans	1,343,367 -----	---
Weighted average number of shares of common stock and common stock equivalents	111,414,274 =====	110,070,907 =====
Rounded to	111,410,000 =====	110,070,000 =====
Net income	\$167,100,000 =====	\$167,100,000 =====
Net income per share	\$ 1.50 =====	\$ 1.52 =====

(1) Accounting Principles Board Opinion No. 15, "Earnings Per Share," allows companies to disregard dilution of less than three percent in the computation of earnings per share. Therefore, shares used in computing earnings per share for financial reporting purposes is 110,070,000 shares.

